

## Message Text

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ORIGIN COME-00

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E.O. 11652:N/A

TAGS:BDIS,TW

SUBJECT:MILBERN-HELLER WOODCRAFT

REF: TAIPEI 8483

1. USDOC CONTACTED MILTON HELLER, DIRECTOR OF PARENT MORRIS HELLER AND SONS, IN ABSENCE OF BERNARD HELLER, AND HAS GIVEN REPORT SUMMARIZED AS FOLLOWS: A) EXPLANATION FOR SUBJECT'S COLLAPSE AS SUMMARIZED PARA 1 REFTEL CORRECT. ALL ASSETS OF SUBJECT UNDER CONTROL OF BANKERS TRUST CO. AS PLEDGED LOAN COLLATERAL. TAIPEI REP OF BANKERS TRUST, IDENTIFIED AS BERTELSON, ASSUMED TO BE FULLY FAMILIAR WITH BANK'S LIQUIDATING RESPONSIBILITIES. INFORMANT ALSO IDENTIFIED RESPONSIBLE BT OFFICER IN NEW YORK. B) ACTING GENERAL MANAGER OF SUBJECT P.T. (AKA DONALD WU WAS GIVEN TELEPHONED INSTRUCTIONS ON OR ABOUT DECEMBER 10, WHICH WERE CONFIRMED BY TELEX, TO SELL OFF ALL AVAILABLE ASSETS WITH PROCEEDS TO GO TO LABOR WAGE OBLIGATIONS AS PRIORITY, MORTGAGE REPAYMENT SECOND AND OTHER ACCOUNTS PAYABLE LOWEST. C) MILTON HELLER  
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HAD NO REPORT AS TO IMPLEMENTATION OF ABOVE AND ASSUMED PERHAPS WU MADE EMBASSY APPROACH IN LAST DITCH EFFORT TO KEEP ENTERPRISE AND EMPLOYMENT COMPLEMENT SOMEHOW ALIVE.  
D) PARENT CORP. DIRECTOR FINALLY NOTED THAT PROJECT STARTED ABOUT 10 YEARS AGO WITH AID LOAN FINANCING WHICH HAD IN DUE  
COURSE BEEN WHOLLY REIMBURSED.

2. COMMERCE SUBSEQUENTLY TALKED WITH WILLIAM COLUANNINI AT BANKERS TRUST NEW YORK HEADQUARTERS WHO OFFERED ADDITIONAL AND REVEALING INFORMATION AS FOLLOWS: A) TAIWAN OPERATION LOST ALMOST HALF MILLION DOLLARS IN 1974 AND DOUBLE THAT AMOUNT IN 1975 DUE PRIMARILY TO POOR MANAGEMENT AND MARKETING. NEWARK PARENT AND INDIVIDUAL FAMILY MEMBERS CONTINUED INVESTING AND SUPPORTING TAICHUNG SUBSIDIARY TO EXTENT THAT U.S. CORP. NOW LIKELY TO SHUT UP SHOP EARLY IN 1977. B) BANKERS TRUST ALSO HEAVILY INVOLVED IN FINANCING COMBINED ENTERPRISES, AND INCREASING LOSS TRENDS SUMMARIZED ABOVE LED TO BANK'S RECENT DECISION TO REFUSE CONTINUING L/C PURCHASE AUTHORIZATIONS. C) BANK OFFICER ALSO EMPHASIZED THAT PARENT'S PURCHASES FROM TAIWAN COULD NOT BE SOLD FOR PROFIT OVER NET DELIVERED COST, AND WERE USUALLY ONLY DISPOSED OF AT LOSSES IN RECENT MONTHS. THIS SITUATION CITED BECAUSE BANK'S REPRESENTATIVE IN TAIPEI HAD REPORTED ALLEGATIONS BEING CIRCULATED IN TAIWAN SUGGESTING SUBSIDIARY'S EXPORTS WERE UNDERVALUED IN ORDER TO PERMIT NEWARK FIRM TO MARKET IN U.S. WITH LARGE PROFIT RECOVERY HERE. SUCH RUMORS FOSTERED BELIEF IN TAIWAN THAT SUBJECT'S VIABILITY SACRIFICED TO KEEP U.S. PARENT PROFITABLY AFLOAT.

3. DEPARTMENT AND COMMERCE CONCLUDE FROM ABOVE REPORTS AND ESPECIALLY BANK'S INFORMATION IN PARA 2 THAT LIQUIDATION IMPOSSIBLE TO AVOID WITH BANKER'S TRUST ENDING UP AS MOST SUBSTANTIAL FINANCIAL LOSER. APPARENTLY MORRIS HELLER AND SONS WILL NOT BENEFIT FROM DEMISE OF THEIR TAIWAN SUBSIDI-  
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ARY; THE MISMANAGEMENT WILL HURT THEM, TOO.

4. DECONTROL ON RECEIPT.  
KISSINGER

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## Message Attributes

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**Review Markings:**  
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